

**BOARD OF REGENTS**  
**GUIDING PRINCIPLES FOR EDUCATION AID FOUNDATION FORMULA**

FINAL – March 2, 2009

The following are guiding principles for how a foundation formula for education aid should be constructed:

- A foundation formula should align education resources with structured learning goals that are consistent with statewide standards, such as the Basic Education Program (BEP). Performance measures established by the Board of Regents. Shall be considered in any calculation regarding the return on investment of public funds.
- A foundation formula must be anchored in the larger system of fiscal and programmatic accountability that measures whether state and local programs and expenditures actually provide an opportunity for a sound basic quality education, at the individual student level, in a manner consistent with Rhode Island law and at the highest level of efficiency.
- A foundation formula should include a foundation amount per pupil, a state share ratio to address municipal tax capacity, and a student need factor and should apply equitably to all public schools and school districts with a “money follows the student” methodology.
- The foundation amount per pupil will be linked to data measuring the actual cost of delivery of an effective core PreK-12 education system, as established, or to be established, by the BEP.
- A student need allocation should be calculated using a poverty concentration index, such as percentage of free and reduced price lunch students (FRPL). Research has indicated that there is a high correlation between concentration of poverty and certain categories of high need student populations, including English Language Learners and students in need of intensive academic supports. \*
- Given that the foundation is only a portion of the overall funding system, additional funding must be provided for extraordinary costs, such as high-cost special education for children with an Individual Education Program (IEP), and program support, such as career and technical education, extended learning opportunities, and pre-kindergarten programs.

- Incentives and disincentives should be provided in recognition of the implementation of cost reduction strategies, such as statewide efficiencies.
- Municipal effort and tax capacity issues, which directly relate to the data used for the state share ratio calculation, including the possibility of a minimum share, should take into consideration past policy decisions made to direct funds to certain high-risk populations and the potential impact on urban districts.
- Disparities in the local tax structure, relating to tax classifications and personal exemptions, are not consistently provided across the state and reduce the tax yield of certain communities; therefore, any redistribution of the base should be commenced immediately but phased in over a number of years to protect students from significant negative impact.
- A funding formula could be implemented now with any amount of available funding, thus creating a predictable arrangement for distribution and/or redistribution of funds; however, if there is an increase in aid, the amount should be conveyed pursuant to the formula to districts as early as possible.

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\* Although the Regents are not opposed to using student weights for the student need allocation, there are not enough data to adequately determine the additional cost for certain categories of students and what the weight should be. In FY 2010, all districts will be using the uniform chart of accounts. Therefore, in the future, the data could be analyzed and weights could be assigned for the student need allocation.